

HOUSE MAJORITY IS SLASHING STUDENT LOAN FUNDING BY \$14.3 BILLION, WITH NEARLY \$8 BILLION BORNE DIRECTLY BY STUDENTS AND PARENTS

Key Points:

- **America can do better than paying for additional tax cuts for millionaires by slashing student loan funding -- making college more expensive for millions of American students.**
- **Nearly \$8 billion of the \$14.3 billion cut in student loans will be borne directly by students and parents – not lenders.**
- **This raid on student aid is the largest cut in the history of student aid – resulting in the typical student borrower having to pay as much as \$5,800 more for his or her college loans.**

The budget package is slashing student loan funding at a time when college tuition is skyrocketing. College tuition has been skyrocketing over the last several years – making college less and less affordable for millions of America’s working families. Over the last five years, tuition at public colleges and universities has skyrocketed by 57 percent. Similarly, over the last five years, tuition at private colleges and universities has risen by 32 percent.

CBO estimates that nearly \$8 billion of the student loan cuts will be borne directly by students and parents. The nonpartisan Congressional Budget Office has found that nearly \$8 billion of the \$14.3 billion in student loan cuts in the Majority’s bill are new charges to students and parents that will raise the cost of their college loans. According to the CBO analysis, the new charges to students and parents in the GOP bill break down in this way: 1) \$5.5 billion in new charges to student and parent borrowers when they consolidate their college loans; 2) \$1.82 billion in new taxes on student loans for both student and parent borrowers; and 3) \$505 million in new charges on student and parent loans by repealing current law that sets the maximum student loan interest rate at 6.8 percent and the maximum parent loan interest rate at 7.9 percent.

The bill is the largest cut in student aid in the program’s history – forcing students to pay thousands more for college. Under the bill, the typical student borrower – who is already saddled with \$17,500 in debt – will wind up paying as much as \$5,800 in additional interest and taxes over the life of his or her loan.

The Majority is slashing student loan funding at a time when financial barriers are already preventing many students from attending college. According to the Congressional Advisory Committee on Student Financial Assistance, financial barriers will prevent 4.4 million high school graduates from attending a four-year public college over the next decade, and prevent another two million high school graduates from attending any college at all.

By slashing student loan funding, the Majority is undermining our global competitiveness. Cutting \$14.3 billion from student loan funding will only make it harder for students to go to college at a time when the health of our economy rests more than ever on having a well-educated workforce. College access is the key to America remaining strong in the face of an increasingly competitive global economy.